

Actuarial Certification

A. Purpose

The only purpose of this actuarial certification is to certify the Individual and Family Plans (i.e., IFP) prepared and submitted by Blue Shield of California Life and Health Insurance Company effective March 1, 2011 are actuarially sound in the aggregate.

B. Scope and Limitation

California Senate Bill SB1163 requires health plans' individual rate filing with the California Department of Insurance (i.e., CDI) to be actuarially sound and to include a certification by an independent actuary, effective January 1, 2011. Section 10181.6 (b)(2) states that the actuarial certification must include the following items:

- Statement of qualification of the actuary issuing the certification, including a statement regarding independence requirements
- Statement of opinion that the proposed premium rates are actuarially sound in the aggregate.
- Complete description of data, assumptions, rating factors and methods used to determine the premium rates.
- Statement whether the rate increased filed is reasonable or unreasonable and, if unreasonable, that the justification for the increase is based on accurate and sound actuarial assumptions and methodologies, including benefit relativities that reflect the expected variation in costs, taking into consideration historical experience and the credibility of the historical data. Statements of opinion shall also discuss whether the benefits provided under the policy are reasonable in relation to the premium charged.
- Description of the testing performed by the actuary to arrive at the statements of opinion, including any independent rating models and rating factors utilized.

I was engaged by Blue Shield of California (i.e., BSC) to review the rate development and to provide an actuarial certification for this rate filing described in the actuarial certification prepared by Mike Beuoy, BSC actuary.

This certification is prepared for the rate filing purpose, to be shared by BSC with CDI only, and not to be used for other purpose. It is not to be shared with others without prior written consent. In the event it is agreed to be shared with others, the certification can only be shared in its entirety, including the actuarial certification by Mike Beuoy.

C. Qualification

I, David V. Axene, am the President and Consulting Actuary of Axene Health Partners, LLC. I am an independent actuary, and meet the specification regarding independence under section 1385.06.

I am a member of the American Academy of Actuaries and the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries and have the relevant experience to render the certification contained herein.

D. Rate Filing Review and Data Reliance

I have reviewed in depth the methodology and assumptions used in developing the premium rates and the rate increases. The methodology follows generally accepted actuarial practices. The assumptions are reasonable and sound, and supportable by BSC's experience studies.

I have assumed and relied on the supporting information provided by Mike Beuoy, BSC actuary used in the rate development to be accurate and valid. I do not have any reason to question the accuracy of the information provided. I have reviewed the supporting data and information provided for reasonableness but I have not performed an audit on the data. I am not expressing an opinion on the accuracy of the supporting information provided.

E. Certification

I hereby certify that to the best of my knowledge and judgment, the Individual and Family Plan rates and rate increases prepared and submitted by BSC are based on sound actuarial assumptions and methodologies, the calculations are accurate, and the rates are actuarially sound in the aggregate. It is my opinion that the rates and the requested rate increases are reasonable. The rates when compared to the benefits offered are also reasonable.



David V. Axene, FSA, FCA, CERA, MAAA
President and Consulting Actuary
Axene Health Partners, LLC

February 28, 2011